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ADVERTISING AS AN AID TO DIRECT SELLING

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The principal problem in the inauguration of direct selling by producer to consumer is to get the right producer into communication with the right consumer. Direct selling involves a change of habit and business methods on the part of those new to the system, and those who as customers will be most successful in this method of marketing must be sought out by the producer. Advertising offers a solution, though only a partial solution, to this problem at present.

In the simplest form of direct selling, viz., over the counter, such as is practiced in the public market where growers of vegetables and fruits or producers of other foodstuffs meet their customers personally, the problem is simple. It is merely one of general advertising to attract the attention of the buyers of the households with simple means of advertising the products in the stalls at the markets.

In this connection we have some good examples to prove the efficiency of newspaper advertising. There are a number of cities in which public market houses have proved very successful in recent years due to the publicity given their plans in the news columns of the local newspapers. Space has sometimes been purchased by the market house management or by the owners of certain stalls. Usually, however, the dealers or jobbers and not the real producers or farmers have used such methods to attract customers to their particular stalls. Farmers have not been brought to realize the efficiency of the advertisement since they have either depended upon attracting the general trade or have sold their produce to a middleman who operates a stall with a purchased stock of produce. Few farmers care to take the time or trouble to learn to be good salesmen and in almost every public market, municipal or private, the proportion of farmers, perhaps high at the outset, has quickly dwindled until they constitute but a small per cent of the total number of stall holders. This fact has been one of the principal arguments used against the widespread adoption of the municipal market idea.

If it be true that the producer is loath to become a salesman of

his own product, how then is the consumer to be enabled to buy direct from the producer and thus save the excessive cost of handling? The answer seems to lie in direct consigning or shipping direct from the farm to the kitchen of the consumer. There is nothing new about this as a method except that it has never been extensively followed. It has not been followed because our system has been to ship in relatively large lots to a point near the place of consumption and then the produce is assorted into smaller lots which are sent to retailers who deliver to the consumer the amounts desired. Direct selling involves a change in this system in that the division must be made at the farm into lots according to the demands of the individual consumers.

This change involves a greater reorganization than may at first be apparent since it eliminates the dealer, jobber and retailer and places several of their duties upon the producer. He becomes his own distributor; he must seek his own customers, learn their needs, supply them; be his own shipping agent and collector. He must be able to judge customers for credit and be able to so price his goods as to meet all changes in the local retail market to hold his customers against the strong competition of the local retail store. To do all this is considerable of a contract. The competition of the retailer as the latter is organized at present is going to be a serious handicap in the development of direct selling for some time to come. The retailer has service, considered in the sense of convenience to offer. He is handy to the consumer, he will sell in any quantity on short notice, delivery is prompt, he will extend credit and is striving to please, coming into direct contact with the consumer or at least into easy communication by the telephone he can easily make his services appear to offset the advantages of buying direct.

Advertising does not guarantee results to anyone. Along with good advertising must go good distribution, maintenance of quality and more important than all else to the average buyer, a saving in the cost of the product. If the success of direct selling depended alone upon the improvement of the facilities of transportation then we would have seen a great growth in the use of the parcel post as a means of shipping foodstuffs. Such a growth has not occurred for the simple reason that low cost of shipping in small lots alone is not a solution to the problems of direct selling. Even with the aid of advertising there have been no rapid developments of such trade.

The functions of advertising can be shown best by brief studies of the trade in each of a number of special products. Eggs are most commonly mentioned as the food product which should be sold direct. The egg is sold exactly in the form in which it is produced. No preparation for market is needed; it is most appreciated when very fresh from the nest; it does not require refrigeration for short hauls and is a relatively light product, with a well established market value according to age.

Customers for eggs may be found by advertising in the newspapers or through printed matter mailed direct. The campaign must be one of education rather than general selling arguments, since to buy eggs direct is as yet a new thing. Such a campaign is expensive and requires a relatively large output to justify it. Shipping small lots of eggs by parcel post or express is as yet largely experimental since few containers are efficient and none can guarantee safe delivery at all times for the simple reason that some eggs are thin-shelled and break with the slightest jar. The local grocer can quickly replace a smashed dozen but the producer cannot replace them so soon. The advertiser of eggs must educate his customers to see the wisdom of buying in sufficiently large lots to justify safe packing. He must show the advantages of two or more families combining to take a consignment so as to be able to use them promptly and avoid possible waste. The consumers must be made to realize that an egg is a very perishable product and always subject to damage in transit, hence they must be considerate in case of accidents. Through advertising the real advantages of buying direct may be impressed upon the consumer who has his own assumptions regarding what he should expect. It is as such an educational aid that advertising will be of the greatest value to the seller of eggs. But it is to be regretted that the producer must pay all the cost of this campaign and the consumer is the one who will chiefly be benefited in the end.

If the egg producer is to have a system of direct delivery the problem is greatly simplified. Then he needs concentrated advertising in a given locality which will secure him many customers near together which will justify the cost of a house-to-house delivery.

In one project of this kind in New York City the manager claims that it costs about three cents a dozen to hold his trade; he has to contend with breakage, bad debts, removals and a dozen other difficulties, each petty in itself but making an amazing total. The

cost to the customer must be increased with the frequency of delivery—another fact which must be impressed upon the consumer through advertising. The total cost of retailing in the instance cited is about eight cents a dozen.

Passing to a food product that is standard yet sold only direct in a few cases except in the small towns, let us consider butter. The farm dairy is a thing of the past. The bulk of the butter now used in cities is produced in creameries where expert buttermakers using modern machinery can turn out a uniform, high grade product at less cost per pound than the small dairy. Here the delivery problem becomes more serious than ever. Butter must be kept solid. During most of the year it cannot be handled in the ordinary temperatures of living rooms. No system of shipping butter successfully in small lots by parcel post has yet been devised. It must be delivered promptly and cold. In this regard it is similar to eggs and its sale direct involves a system of delivery. But with butter, as with eggs, a campaign of advertising to show the advantages of several families coöperating in the purchase of a quantity which may be shipped in well protected cases or tubs offers promise of success. We have purposely considered eggs and butter first because they illustrate the fundamental difficulties which advertising may be used to meet. Other perishable foodstuffs as meat, fresh vegetables and fruit offer similar problems.

Where the producer has a variety of products, either fruits or vegetables, such as are needed for current consumption by the average family, the hamper system gives promise to become quite generally successful. Here the direct appeal for customers for a hamper, once, twice or oftener a week, will bring prompt and profitable returns. A postal order can be mailed for each hamper desired and the value of the consignment will easily justify the cost. There are a number of very successful examples of trade of this sort that are prospering. In one instance the newspaper advertisement contained a list with quantities specified of the vegetables contained in a two dollar hamper. These were shipped upon receipt of a mail order either for cash in advance or C.O.D. The grower in this instance reports but few losses and general satisfaction with the system. Enough regular customers were soon secured to render further advertising unnecessary.

There are certain staples which have been regarded as having so little margin of profit that direct selling has seldom been attempted

outside of the public markets, viz., apples, potatoes, onions, etc. Strangely enough, it has been with these products that some of the most interesting recent experiments have been made.

The advent of the apple box and its rapid growth in favor as a package for this fruit led some growers to try advertising as a means of securing customers for small shipments sent direct from orchard to kitchen. Only a season or two ago there appeared the first advertisement of boxed apples in a weekly magazine of general circulation. It called attention to the quality of the product and offered quantities suited to the average family at moderate prices, also definitely stated. The result was an immediate response and the sale of a large crop in small lots shipped direct to the consumer. The collections, C.O.D., were satisfactory and many customers were assured for succeeding crops. In this case the buyers accepted the offer upon face value depending wholly upon the integrity of the advertiser.

In another case the apple grower began by offering, through an advertising booklet, to ship a bushel hamper of apples to anyone upon receipt of \$1.50 with the guarantee to return the money to anyone not satisfied with the fruit. The second season of the experiment this grower offered to send a bushel hamper fully prepaid upon receipt of an order. If, upon examination they proved to be satisfactory the party receiving them was to send \$1.50; otherwise to return the shipment at the grower's expense. This plan brought orders for more than the crop to be sold and with the remarkable result that not a dollar was lost due to the failure of the consumer to pay. Certainly a striking testimonial to the square-deal sense of the average householder!

An attempt to sell onions direct to the consumer by a Texas producers' organization resulted in a very unsatisfactory season. While the advertising in general magazines was effective in bringing inquiries it was found that the prices which could be got for this staple did not justify the additional cost of shipping in small lots.

A firm in the Northwest has tried selling selected potatoes packed in boxes direct to high class trade with only partial success. The general consumer is not yet sufficiently appreciative of the difference in quality between ordinary market stock and selected varieties suitable for baking, salads or other special purposes.

There is opportunity for the development of a trade in family consignments or quantities sufficient for a winter's supply—apples by the barrel, potatoes in lots of five, ten and twenty bushels. Many

producers are developing trade of this character in small towns. A producer with a large crop would unquestionably be able to use the newspapers to advantage in discovering new customers. This trade must be localized and is not susceptible to national advertising as is the case with manufactured products for the simple reason that the supply cannot be increased to meet an increased demand until another season comes around. In the meantime the disappointed customers have gone elsewhere for their supplies.

This argument is supported by but few concrete experiences for the simple reason that advertising has not been given a fair test as an aid to direct selling. Most of the cases cited were merely experiments. I know of no enterprise planned and promoted with a serious consideration of advertising as an asset. But there can be no doubt that as a means of bringing the right consumer into touch with the right producer advertising will play a much more important rôle in the future than it has in the past.

The use of advertising as a means of promoting direct selling involves several fundamental changes in the common practices of the trade. Others will also undoubtedly be added, but these are now most frequently cited by those studying the question:

1. Buying in larger quantities; the consignments must be increased in size to gain the economy in shipping and in distribution.
2. Recognized standards of quality; these are essential as a basis for price quotations and as a means of reducing misunderstandings between the producer and consumer.
3. Improved systems of C.O.D. collections and credit accounting. Producers dislike credit accounts and most consumers are as yet unused to paying cash. Some system of credits is needed to meet the service argument of the local retailer who offers almost unlimited credit.